

FISCAL NOTE WORKSHEET (Revised Nov. 2006)

Agency: Utah State Office of Education
Daniel Schoenfeld
 Requested By

Bill Number HB58 2nd Sub

Office of the Legislative Fiscal Analyst
 W310 State Capitol Complex
 Salt Lake City, UT 84114-5310
 538-1034 / Fax 538-1692

Fax/Electronic Mail Transmittal

Date:	<u>February 12, 2007</u>
Name:	<u>Daniel Schoenfeld</u>
Fax Number:	

Please return to Fiscal Analyst by: February 12, 2007

TITLE OF BILL: NEW SCHOOL DISTRICT PROPERTY TAX AMENDMENTS

This Bill Takes Effect: ☐ On Passage ☐ On July 1 ☒ 60 Days after session ☐ Other _____

Bill Carries Own Appropriation: ☐

FISCAL IMPACT OF PROPOSED LEGISLATION

A. Revenue Impact by Source of Funds:

First Year

Second Year

	First Year	Second Year
1. General Fund		
2. Uniform School Fund - Free Revenue		
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds		
7. TOTAL	\$0	\$0

B. Expenditure Impact by Source of Funds:

1. General Funds		
2. Uniform School Fund - Free Revenue		
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds		
7. TOTAL	\$0	\$0

C. Expenditure Impact Summary:

1. Salaries, Wages and Benefits		
2. Travel		
3. Current Expenses		
4. Capital Outlay		
5. Other (Specify)		
6. TOTAL	\$0	\$0

D. Impact in Future Years?

If no fiscal impact in first two years, indicate if there will be any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years.(Use back side, if necessary.)

There will be no fiscal impact in future years, however, see Item G for further details.

Cathy Dudley	MSP Budget and Property Tax Specialist	538-7667	February 12, 2007
Prepared By	Title	Agency USOE	Phone No. Date

E. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase

UCA 53A-2-118.2 - New school district property tax -- Limitations may cause additional workload increase as personnel for the State Tax Commission will have to mark and keep track of the split of the levy pursuant to 53A-16-110 (voted capital) or 53A-17a-133 (voted leeway).

F. Expenditure Impact Details (Ties to totals in Section C)

List and document methodology and/or assumptions used in determining need for workload and cost increase.

List number, type, and step ranges of personnel required, including benefits.

List details of other impacted expenditure categories as shown in Section C.

List additional space requirements and cost associated with requirements of this bill.

(USE ATTACHMENTS IF NECESSARY.)

Personnel at the Utah State Tax Commission had indicated there would be a workload increase for their personnel due to the division of the tax rate. School Business Administrators had the opportunity to give their input into this legislation

G. No Fiscal Impact or Will Not Require Additional Appropriations?

A new school district may not impose a property tax prior to the fiscal year in which the new school district assumes responsibility for providing student instruction. The remaining school district will retain authority to impose property taxes on the existing school district, including the property of that new school district, until the fiscal year in which the new school district assumes responsibility for providing student instruction.

If any portion of the property within the new school district was subject to a Voted Capital or Voted Leeway tax, the new school board may discontinue the levy, impose a levy on the new school district, or impose the levy on the new school district subject to certain conditions. This second substitute allows the new school district to continue to levy a Voted Capital tax or Voted Leeway tax if such taxes were in place at the existing school district. Those taxes may not exceed the maximum duration or rate authorized by the voters of the existing district at the time of the vote to create the new school district. The first substitute limited the time the new school district could levy those taxes to a two year period. At that time, the new school district would have had to go back to the vote of the people to levy those taxes.

Depending on the proportion of students and property within the new school district, proceeds from those taxes would be divided among the two districts. The attached spreadsheet shows various scenarios of the distribution of those taxes. Although the old school district would receive less Voted Capital and Voted Leeway taxes, they would lose that portion that consists of the new school district.

H. If Bill Carries It's Own Appropriation:

Indicate if the amount appropriated is adequate to meet the purposes of the bill.

Are there future additional costs anticipated beyond the appropriation in the bill?

I. Impact on Local Governments, Businesses, Associations, and Individuals

Local School Districts/Charter Schools : As the attached spreadsheet indicates, the total amount of the Voted Leeway tax will be divided among the existing district and the new district. Either way, the existing school district's property taxes will be reduced, but so will their total school district population. In addition, depending on the percentage of the split, the existing district could lose the state guarantee funds for the Voted Leeway.

Also, if an existing district does not receive any state guarantee money for the Voted Leeway, splitting the districts could create an additional state guarantee for the new district as the spreadsheet also shows.

Businesses and Associations :

Individuals :

Narrative Description of Bill : This bill prohibits certain new school districts from levying a property tax prior to the year in which the district assumes responsibility for student instruction. This bill allows the existing district to impose a property tax on the new district during the time it provides instruction to the new district's students. This bill also allows the new district, after taking over student instruction, to continue imposing certain property tax levies previously approved by a vote of the predecessor district electorate. This bill requires the new school district and the remaining district to follow certain advertisement and hearing requirements.